

CENTRAL AMERICA REGIONAL PROGRAM
ANNUAL REPORT 2002

USAID/G-CAP

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The attached results information is from the FY 2002 Annual Report for the Central America Regional Program and was assembled and analyzed by USAID/G-CAP.

The Annual Report is a "pre-decisional" USAID document and does not reflect results of USAID budgetary reviews. Additional information on the attached can be obtained from USAID/LAC/SPO.

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CENTRAL AMERICA PROGRAM

I. USAID/Central America Program (G-CAP) 2001 Performance Overview

Phoenix SO Number	Program Title	Performance Rating
596-001	Trade and Investment	Exceeded
596-002	Environment	Exceeded
596-003	HIV/AIDS	Met
596-004	Disaster Mitigation	Met

Background: The Central American region comprises seven countries: Belize, Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica and Panama, with a population of 37 million growing at a rate of 2.6% annually. In addition to the challenge of addressing poverty and improving the living conditions of its people, Central American countries remain ill-equipped to compete in the global economy, or to confront the frequent natural disasters, the cross-border spread of HIV/AIDS and other contagious diseases, and continuing deforestation and environmental degradation. These challenges are joined by new and ongoing threats to the region's stability, including transnational crime and drug-trafficking, corruption, poor governance, and periodic border tensions which persist despite growing regional integration.

U.S. interests and goals: United States interests in a stable, democratic, and growing Central America are substantial. President Bush announced on January 16, 2002, that the U. S. will explore a free trade agreement with the countries of Central America in order to strengthen our economic ties, to reinforce progress toward economic, political, and social reform, and to take another step toward the U.S. foreign policy objective of establishing the Free Trade Area of the Americas (FTAA) by 2005. Progress toward regional economic integration and the increased prosperity fostered by the FTAs will also further other USG interests in the region, such as reducing illegal immigration to the United States, and lessening narcotics trafficking. USAID's Central America program supports the USG's interest in sustainable economic growth and environmental practices, and limiting the spread of HIV/AIDS. It will promote a regional response to the coffee crisis affecting the region, as well as Mexico-Central America coordination under the USG's recently announced initiative, the Opportunity Alliance, in the areas of disaster mitigation, expanded trade, and environmental protection.

Performance summary: In FY 2001, the USAID/Central America Program completed activities under its 1997-2001 five-year Strategic Plan for Central America, and also carried to completion the two-year post-Mitch Hurricane disaster mitigation assistance. Funds were obligated and, in some cases, initial activities were begun under the FY 02/06 strategy period in each continuing development sector. During the performance year, targets for post-disaster assistance were met or exceeded, and within each of the key sector programs in trade, the environment, and HIV/AIDS, programs continued to shape region-wide policies and development practices, and to produce significant and more sustainable results.

USAID's only regional program to promote **trade and investment** in Central America, PROALCA, continued to promote Central America's adherence to an outward-looking, export-led strategy as the best way to achieve rapid, sustainable, and equitable economic growth. PROALCA has advanced the U.S. foreign policy objectives of the establishment of the FTAA by 2005 and advancement of the trade liberalization agenda promoted globally through the World Trade Organization, and has helped prepare for rapid progress toward a potential U.S.-Central America Free Trade Area Agreement (CAFTA).

USAID's regional efforts in trade have produced significant results. By the end of PROALCA's first phase in 2001, all Central American countries had adopted intellectual property rights (IPR) laws and regulations in line with international standards. Despite the impact of the global economic downturn on trade, the program had furthered the region's trade readiness while promoting regional economic and customs integration efforts. USAID/G-CAP's trade and investment program helped revise the harmonized tariff system in Central America, supported the creation of streamlined customs facilities, and provided assistance that resulted in national and regional policies to modernize labor markets. All of these achievements have increased Central American readiness to enter global and regional formulas for free trade. In addition, USAID assistance led to successful negotiation of an agreement between the Mexican Secretary of Labor and the Central American Ministries of Labor to transfer experience gained by Mexico in the North American Trade Agreement (NAFTA) to the region.

PROALCA initiated the second phase of trade and investment promotion under the new strategy in late FY 2001. Key anticipated outcomes are: WTO commitments in chosen priority areas met; FTAA Business Facilitation Measures fully implemented; and progress made in trade liberalization, regional energy market development, intellectual property rights, the unification of customs regimes, and the modernization of labor markets.

The regional environmental program, PROARCA, produced important market-based mechanisms to protect **the environment** and continues to reduce threats to natural resources in key transboundary sites, which reached 16 sites in 2001. Regional activities to improve the environment exceeded the strategic objective targets, producing ten sustainable mechanisms for environmental protection. Seventy-nine protected/special management areas were established with program support, nearly double the planned target. Positive results for productive sectors such as coffee, tanneries and cheese manufacturing were attained, as well as biodiversity gains in the protection of turtles, fisheries and forests. Work to consolidate the Mesoamerican Biological Corridor (MBC) continued through support to NGOs and government agencies, and through the implementation of a new National Biodiversity Strategy which has helped to prioritize points of intervention in the MBC.

Implementation of the second phase of PROARCA began in late FY 2001. Anticipated outcomes include improved management of protected areas; a coherent legal and policy framework for regional conservation; expanded market access for environmentally friendly products and services; the harmonization of norms for environmental impact assessments and wastewater; and increased use of less-polluting technologies.

It now appears that USAID's efforts to combat **HIV/AIDS** are helping create a critical mass in the region to limit the spread of the epidemic. The program brought 18 positive policy changes in 2001, totaling 68 cumulative changes over the life of strategy. These changes occurred in all five emphasis countries. Significant improvements in technical and management capabilities were made by 15 NGO partners in the effort to contain the pandemic. Twelve active NGO strategic alliances are operating in four countries in areas such as treatment access, surveillance, laws and regulation, adolescents, integration of HIV/AIDS into reproductive health programs, incorporation of the private sector, and programs for men. As a result of advocacy efforts, an HIV/AIDS law was approved in Panama and Merck dropped its anti-retroviral medicine prices by 80% in Central America.

The new regional HIV/AIDS strategy also began in FY 2001. Key anticipated outcomes are: greater legal-regulatory and political commitment to the AIDS prevention and care; increased positive policy actions; community-based planning and programming in different sites based on the Acción SIDA model; studies on multi-site and high-risk mobile populations; information more widely disseminated; increased condom use by commercial sex workers and targeted men; and increased non-pharmacy outlets in high-risk urban areas carrying affordable condoms.

Factors that have most affected performance: The sharp slowdown of global demand -- and in particular weak demand from the United States, which is the region's major trade partner (representing more than 40% of the region's total trade) — negatively affected Central American trade levels and growth. This slowdown was aggravated by the collapse of international coffee prices, which reached their lowest levels in 30 years. These trends were reflected in total trade, which declined slightly as a percent of GDP in 2001, and in a near-stagnant level of intra-regional trade compared to the year before.

Prospects for progress through 2004: Prospects for continued progress during the strategy period, 2002-2006, are encouraging. Central American leaders, the United States and other donors identified challenges and opportunities for regional development at the March 2001 Regional Consultative Group meeting. Alongside commitment to reinforce disaster preparedness, the Central American countries presented a regional strategy for economic integration, infrastructure modernization, trade competitiveness, environmental management, and social development. The regional plan for economic growth emphasizes freer trade, increased competitiveness, and cooperation with Mexico to build on its experience in NAFTA and a recent free trade agreement between Guatemala, Honduras and El Salvador. Central American and Mexican representatives have endorsed trade and development initiatives in eight sectors for joint investments of \$2 billion under the Puebla-Panama Plan (PPP). The PPP is now advancing wider Central America-Mexico cooperation, offering opportunities to expand the U.S. partnership with Central America under the Alliance for Sustainable Development (ALIDES), which was signed in 1994 to increase trade and improve environmental management, and the 1997 Central America-USA Agreement (CONCAUSA). New action plans under CONCAUSA have been elaborated to address sustainable development, biodiversity, environmental policy, energy, disaster preparedness, and global climate change mitigation.

Prospects for Closeout or Graduation: The Central American region is not considered a candidate for closeout or graduation from U.S. assistance in the near term.

II. Strategic Objectives Performance Analysis

SO 1: Increased Central American participation in global markets (PROALCA I)

Overall performance of the SO has exceeded expectations. Direct program beneficiaries are the people in Central America and the Dominican Republic (DR), and Central American electricity consumers.

USAID's regional efforts to advance trade have produced important results. By 2001, all Central American countries had introduced intellectual property rights (IPR) laws and regulations. The Office of the Special Prosecutor for IPR Crimes in Guatemala was established. Strategic alliances forged with other program stakeholders, such as the Inter-American Development Bank and the World Intellectual Property Organization, have furthered the region's trade readiness while promoting regional economic and customs integration efforts. Almost 1,500 Central Americans from private and public sectors (47% women) received training. With program assistance, the harmonized tariff system for Central America was revised, and an amendment to the Council of Central American Trade Ministers was drafted. Ten unified customs facilities were created with USAID support, advancing cross-border trade. The success of PROALCA activities has contributed to the designation of the Central American Secretariat for Economic Integration (SIECA) as the point of contact for Central America with respect to the Plan Puebla-Panama. In addition, Central American governments credit PROALCA and SIECA with their successful bid to initiate accelerated negotiations with the USTR for a free trade area agreement between the US and Central America.

Program-financed technical and consulting services for the eight Ministries of Labor (CA and the Dominican Republic) assisted in the formulation of national and regional policies, and in the modernization of labor markets. With USAID technical support, an agreement between the Mexican Secretary of Labor and the Central American Ministries of Labor was successfully negotiated to transfer experience gained by Mexico in the North American Trade Agreement (NAFTA) to the region. A modern internet-based labor information system was implemented throughout the region. Training on social dialogue, alternative dispute resolution, occupational health and safety, and labor market modernization, was provided to 1,631 recipients (29% women) from the public and private sectors. Program resources financed pilot projects on the eradication of child labor in each Central American country and in the DR, addressing such high-risk groups as street children and agricultural workers. Over 1,000 children (46% girls), adolescents, families and teachers were trained. School reinsertion rates for these children increased by 30% in Costa Rica, 64% in Nicaragua, and 69% in the DR. The Labor ministries in the Dominican Republic and El Salvador have adopted these pilot projects as their own, and will continue financing these activities with their own resources.

Technical assistance under PROALCA has been key in assisting Guatemala, El Salvador, Honduras and Nicaragua to undertake energy sector restructuring measures. Since the passage of laws allowing private investment, a cumulative \$2.9 billion has been invested by firms in electricity generation and distribution. Based on preliminary estimates, total private investment in the energy sector (electricity, fossil fuels, other) increased by \$111 million in 2001, bringing total investment to \$5,053 million and outperforming the planned target.

Activities under a new strategic objective for trade and investment promotion, PROALCA II (596-005), will begin in the third quarter of 2002. Key anticipated outcomes are: WTO commitments in chosen priority areas met; Free Trade Agreement Area (FTAA) Business Facilitation Measures fully implemented; and progress made in trade liberalization, regional energy market development, intellectual property rights, the unification of customs regimes, and the modernization of labor markets.

Challenges: Overall SO performance has exceeded expectations, despite the worsening global trade environment. The sharp slowdown of global and U.S. demand badly affected Central American exports. The fall in coffee prices exacerbated the loss of export revenues. Although the region has been progressing in exports diversification, including of manufactured goods, coffee still represents around 20% of total exports. The adverse external situation facing CA in 2001 was also reflected in a lower ratio of total trade as a percent of GDP. This ratio dropped to 50% in 2001 after having reached the planned target of 54% in 1999 and 2000. The composite index of trade readiness target was met and exceeded in 1999, and again in 2001. The performance of intra-regional trade (measured as intra-regional merchandise trade as a percent of GDP) has been outstanding in recent years, already meeting in 1998 the 2000 target of 8.4% and increasing steadily, despite the negative shocks the region has suffered. Under PROALCA II additional activities to support trade outside the Central American region will be integrated; thus, indicators will reflect the interdependence of program performance and the global situation affecting CA countries.

An upcoming challenge for this strategy will be to ensure the readiness of Central American countries in preparation for the negotiation of a regional Free Trade Area Agreement and, potentially, a FTA with the U.S. by 2005. President Bush's January 16 announcement to explore a Free Trade Area Agreement with Central America has generated enthusiasm and will help support the resolve of national governments to take additional measures needed. The planned meeting of the U.S. President with Central American leaders in San Salvador on March 24, 2002, will also serve to advance concrete plans and preparations. PROALCA II follow-on activities will pursue an accelerated timeframe within the limits of resources, but specific fast-track funding will not come on line until FY 2003.

SO2: Increased effectiveness in regional stewardship of the environment and natural resources in target areas (PROARCA I)

The SO exceeded results anticipated for 2001 and met or exceeded benchmarks for success under its six-year period of implementation. The beneficiaries of the strategy are all the people of Central America (37 million), especially those who depend on the natural resource base for their livelihood.

The regional environmental program, PROARCA, produced ten sustainable mechanisms for environmental protection, reinforcing the support of key government entities, NGOs, coffee producers' organizations, forest cooperatives, and other private sector and community groups for improved resources management. These advances allowed the program to produce important impacts in several key areas, from productive activities (coffee, tanneries, cheese) to protection of biodiversity and natural resources (turtles, fisheries and forests). Local threats such as illegal encroachment in protected areas have been reduced. In other sites, our program activities have reduced threats to endangered biodiversity, identified management priorities for fisheries, and helped ratify the Central American Convention on Sea Turtle Conservation and the approval of an action and surveillance plan for this species.

In 2001, with assistance from PROARCA, regional partners collaborated to develop a tri-national environmental action plan for the Gulf of Fonseca corridor. The governments of Guatemala, Honduras, and El Salvador, as well as regional authorities endorsed the plan's technical soundness and timeliness. Reinforcing the program's wide private-sector impacts, PROARCA helped a regional consortium of seven NGOs to identify inefficiencies, prepare business plans, and engage in promotional activities for 130 small and medium size tourism-related enterprises. As a result, these small businesses became part of a certified Ruta del Maiz ('Highway of Corn') Ecotourism Trademark. PROARCA supported the first co-management agreement model in the region through working with five municipalities in Lake Yojoa, Honduras. PROARCA also facilitated the transfer of technical expertise from Belizean local fishing guides to the Costa Rican and Panamanian fishermen in Bocas del Toro.

The year 2001 was the last year of implementation of PROARCA's first phase. Progress during the last six years has been notable. PROARCA has markedly strengthened the management of parks and reserves where the program has operated. By 2001, the seven countries of Central America have environmental laws and environmental ministries. International conventions such as CITES are now being widely implemented. There are now 25 local governments using a methodology developed by PROARCA to identify their most critical pollution problems. Seventy-nine protected/special management areas were established with program support, nearly double the planned target. The program made great progress in consolidating corridors of protected areas, i.e., the Gulf of Fonseca and the Gulf of Honduras corridors. PROARCA supported the formation of coalitions of fishermen to assist in managing conflict and threat abatement in program sites and have contributed to achieve the program's goal of 22 sites where local participatory decision-making is taking place for stewardship of the environment and natural resources.

Activities implemented under the first phase of the program will be further developed under PROARCA II (596-006), which was initiated in 2002. Anticipated outcomes include: improved protected areas; a sound legal and policy framework for regional conservation; expanded market access for environmentally friendly products and services; harmonized norms for environmental impact assessments and wastewater; and increased use of less-polluting technologies.

Challenges: The regional environmental program received, in FY 2001, \$2.2 million dollars for strategy-linked activities related to Global Climate Change. The PROARCA team has encountered difficulty in designing GCC activities that benefit our strategy since the USG's GCC Policy is still being defined, and guidance from AID/W is not yet forthcoming.

The regional environmental strategy enjoys a very strong operational counterpart in SICA, the Secretariat for Central American Integration, and its General Directorate for the Environment. The Central American Commission for Environment and Development (CCAD) brings together the Central American Ministers of Environment in an important policy-level counterpart. However, PROARCA continues to be challenged by the revolving leadership of CCAD. Every six months the President *Pro Tempore* of CCAD changes, requiring a renewed educational process.

SO3: Enhanced Central America Capacity to Respond to the HIV/AIDS Crisis – Phase I

The SO met expectations, with mixed results in some areas. Primary beneficiaries of the strategy are Central Americans at risk of infection by HIV/sexually transmitted diseases.

USAID's efforts to combat HIV/AIDS resulted in 18 positive policy changes in 2001, totaling 68 cumulative changes over the life of the Strategic Objective. Nine active NGO strategic alliances are operating in four countries in areas such as treatment access, laws and regulation, adolescents, incorporation of the private sector, and programs for men. On a national policy level, and as a result of the alliances' advocacy efforts, the regulations for the HIV/AIDS law were approved in Panama; on a regional level, Merck dropped its anti-retroviral medicine prices by 80% in Central America. The regional HIV/AIDS program has supported strategic planning in seven countries, and the program is helping these countries prepare the corresponding monitoring and evaluation plans.

In 2001, a CD-ROM containing project manuals, studies, annotated bibliographies, epidemiological information and key UN documents was completed and distributed. Print copies of important manuals for quality HIV Prevention Programming and NGO sustainability were distributed and are being used by NGOs and policymakers. The multi-site study of HIV/STI seroprevalence in high-risk groups to provide timely information about populations at risk to decision makers is active in five countries and has already generated preliminary information for Honduras, Guatemala and El Salvador. The community prevention model (AcciónSIDA) is being implemented through local multisectoral committees at six different sites in three countries. CONCASIDA II, the second Central American Congress on HIV/AIDS/STDs, was held in Guatemala City in November 2001 with 1,400 participants. This event further strengthened regional strategic alliances to improve surveillance activities.

The Condom Social Marketing (CSM) intervention with Commercial Sex Workers (CSWs) has increased condom use with clients. The VIVE condom is now being marketed in all seven Central American countries with agreements with 53 NGOs to increase correct and consistent condom use in high-risk groups. Condom availability in non-traditional sales points in high-risk areas continued increasing. Regional sales of VIVE increased by 40% (estimated) over year 2000 with most of the increase coming in non-pharmacy outlets.

Performance toward certain targets was mixed. The 1997 and 2000 Knowledge, Attitudes, Practices (KAP) studies showed trends in condom use among CSWs and Men who have Sex with Men (MSM). CSWs exceeded targets for behavior change but the targets with MSM were not met although they did show reduction in certain risky behaviors (e.g., multiple partners). However, those MSM and CSWs that had contact with the program demonstrated significantly better condom use skills than those who had not had contact.

The consultant network of Central American professionals has provided over 3,528 person/days of services to date in a wide range of areas, such as networking, strategic planning, advocacy, community-based programming, and monitoring and evaluation, exceeding the target of 3,000 for 2001. Results of the survey for the percent of non-pharmacy outlets in high-risk urban areas carrying condoms show that the program exceeded its targets in Panama (22.8% vs. 21.3%) and Honduras (19.1% vs. 16.9%), the two countries where CSM activities were initiated this year. There

was no improvement in Guatemala, El Salvador and Nicaragua. However, when the analysis focuses on only the high-risk outlets (bars, brothels, night clubs, discos and motels) there was positive growth in all countries. The Mission will slightly modify this indicator to separate out these high-risk outlets for better targeting.

At the SO level, the apparently contradictory results of the AIDS Policy Environment Score/AIDS Program Effort Index (API) (where the “current” scores did not reflect change from 1998-2000 but the “retrospective” score showed significant progress) were discussed in an “Expert’s Meeting” in Washington last April. The group felt that a two-year interval was not a realistic timeframe to measure change in the index and that there was evidence to indicate a shift in the frame of reference had occurred in certain content areas. Thus, the retrospective scores were reviewed, as well as the 2001 scores. The group also concurred that focusing on the legal-regulatory and political commitment components of the index, the areas of effort of the regional program, made more sense as a measure of program success. These scores did show a steady improvement from 1996 to 1998 and 1998 to 2000. Improvements in the policy environment were further corroborated by the number of positive policy changes, which continue to exceed program targets.

The second phase of this strategic objective (596-008) for HIV/AIDS began implementation in the fourth quarter of FY 2001. Key anticipated outcomes are: an increased score on the legal-regulatory and political commitment components of the AIDS Program Effort Index; an increased number of positive policy actions; extension of the community-based planning and programming model (AcciónSIDA) in different sites; studies of multi-site and high-risk mobile populations performed, information disseminated to promote strategic and targeted responses; increased percentage of commercial sex workers and targeted men reporting condom use; and increased high-risk outlets in urban areas carrying affordable condoms.

Challenges: As a response to new Agency HIV/AIDS strategy guidelines from AID/W, USAID/G-CAP will have to considerably revise our previously approved Strategic Plan (2002-2006). That Strategic Plan envisioned a winding up of the regional program and a concomitant increase in bilateral programs. However, the new Agency guidelines call for a beefing up of the regional program and a reduction in the basic country programs (all Central American countries with the exception of Honduras which will be an intensive-focus country). The new change in focus will also bring more resources for HIV/AIDS programming to the sub-region. The revision of the Strategic Plan will be a collaborative effort coordinated by G-CAP in consultation with the other missions, AID/W (Global Health and the LAC Bureaus), and other key development partners.

SpO4: Improved Regional Capacity to Mitigate Transnational Effects of Disasters

The Special Objective met expectations and exceeded a number of its specific targets during its final year of implementation. Direct beneficiaries of the this two-year special assistance include: (1) the inhabitants of Guatemala, Nicaragua, Honduras and El Salvador who benefited from rural electrification, improved regional electrical power sharing framework and policies, and reduced vulnerability of the power grid to natural disasters; (2) the people of Central America who use the road system; (3) the people who live in the Rio Lempa watershed; and (3) disaster-related Nicaraguan migrants to Costa Rica.

In a culminating achievement, a joint watershed management and disaster mitigation plan for cross-border collaboration was developed for the Rio Lempa watershed, and it will serve as the basis for an agreement to be signed by the Ministers of Environment of Guatemala, El Salvador, and Honduras, and the Secretariat for Central American Integration (SICA).

The National Weather Service River Forecast System (NWSRFS) for the Rio Lempa (Guatemala, El Salvador and Honduras) is virtually complete. The forecast center is generating and posting real-time data on the web. The program created a state-of-the-art geographic information system

(GIS) for the watershed. As a direct outcome of the production and wide dissemination of five manuals to reduce road network vulnerability, several donors have expressed interest in financing similar manuals and broadening the norms for Panama and Belize. Also, the Inter American Development Bank credited this activity as a starting point for future activities under the Plan Puebla to Panama and accomplishments on which in the area of regional road interconnection.

Activities to upgrade the Costa Rican education system's capacity in the wake of additional post-disaster migration were very well received by the Ministry of Education of Costa Rica, teachers, administrators, parents and students. By the end of 2001 the Ministry of Education had purchased and distributed teaching materials for 36,000 students. The project built a capacity for executing literacy projects for 9,800 adults in coordination with 15 NGOs. Under the construction component, targets for 2001 were already exceeded in 2000, and reported in last year's R4.

In 2001, four emergency plans to reduce energy system vulnerabilities to disasters were completed by the program. On power sharing efforts, the program advised the recently created Regional Power Operator (EOR) on regional interconnection issues. The technical assistance provided under this activity helped maintain a steady flow of electricity between Guatemala and El Salvador after the January 2001 earthquakes in El Salvador. The program met the target by working with 12 institutions involved in regional power sharing efforts. By the end of the assistance period, in efforts to promote renewable energy and equity through grid extension, the project had benefited 2,817 rural Guatemalan families, against a target of 2,000. Also, 16 photovoltaic systems were installed (10 were targeted). In Nicaragua, 72 additional photovoltaic systems were installed beyond the seven systems that were originally programmed.

Assistance under the Mitch regional Special Objective ended December 31, 2001.

Challenges: The personnel who will use the new forecasting tools for the Rio Lempa need further training and additional capacity building will be necessary on issues related to equipment maintenance and calibration. The tri-national agreement for the coordinated management of the watershed needs to be more fully institutionalized within the Plan Trifinio framework (Guatemala/Honduras/El Salvador) once the agreement is signed. These activities will be supported under the new regional environment program, PROARCA II (596-006).

CEPREDENAC, the regional disaster entity, needs to be strengthened to ensure the further development of national emergency management systems in countries of the region. Additional funding under the Opportunity Alliance can help address this need. The challenge for USAID assistance is to seek ways to continue to respond to an important initiative to continue to mitigate the effects of disasters in the region.

Table 1: Annual Report Selected Performance Measures

December 3, 2001

Indicator (all data should pertain to FY or CY 01)		OU Response			Fund Account	Data Quality Factors
Pillar I: Global Development Alliance: GDA serves as a catalyst to mobilize the ideas, efforts, and resources of the public sector, corporate America and non-governmental organizations in support of shared objectives						
1	Did your operating unit achieve a significant result working in alliance with the private sector or NGOs?	Yes X	No	N/A	DA	
2	a. How many alliances did you implement in 2001? (list partners) b. How many alliances do you plan to implement in FY 2002?	0 TBD				A number of key public-private alliances have been developed under the Regional Environmental program (PROARCA), among these are productive partnerships with C.A. regional coffee producers associations and coffee brokerages in the U.S., regional ecotourism alliances, e.g., Ruta del Maíz, and others. However, these were generally initiated before October 1, 2000. Current design efforts under PROARCAII and the new Rural Prosperity SO will be building on these and potentially establishing new alliances that will generate resource flows for sectoral development.
3	What amount of funds has been leveraged by the alliances in relationship to USAID's contribution?	—				
Pillar II: Economic Growth, Agriculture and Trade: USAID works to improve country economic performance using five approaches: (1) liberalizing markets, (2) improving agriculture, (3) supporting microenterprise, (4) ensuring primary education, and (5) protecting the environment and improving energy efficiency.						
4	If you have a Strategic Objective or Objectives linked to the EGAT pillar, did it/they exceed, meet, or not meet its/their targets? SO 596-001	Exceed X	Met	Not Met	DA	SO1, SO5 performance data: Trade readiness data are derived from CA Central Banks and Monetary Council, SIECA, the IDB, and UNDP; the index is based on the methodology developed by the Institute for International Economics, Harvard, and reviewed periodically. (The composite score covers price stability, budget discipline, external debt, currency stability, private savings, market-oriented policies, reliance on trade taxes, and policy sustainability. Data for policy and certain component scores derive from sources such as Freedom House and the Heritage Foundation, are reviewed periodically for quality and consistency.) CA trade and intra-regional trade as a percent of GDP are calculated by the G-CAP regional economist annually using CA aggregates for trade and total GDP.

Indicator (all data should pertain to FY or CY 01)	OU Response			Fund Account	Data Quality Factors
<p>If you have a Strategic Objective or Objectives linked to the</p> <p>4 EGAT pillar, did it/they exceed, meet, or not meet its/their targets? SO 596-002</p>	Exceed X	Met	Not Met	DA	SO2 performance data: Partner reports (Costas, LEPPi and CAPAS) provided the Regional Institutional Strengthening and Local Institutional Strengthening Indices. The number of sustainable mechanisms implemented to protect the environment, and the number of assisted transboundary sites where local threats to key natural resources have been reduced were calculated annually; these were reviewed for data quality and consistency and site visits were also used to verify information. Regarding the number of assisted sites achieving an effective level of governance for stewardship of natural resources, data derived from partners' reports. Partners reviewed data and verified NGO reports used as the basis for an index of local participatory decision-making (governance) summing up benchmarks scores by community institutions achieved at specific sites. First Phase activities under SO2 ended. New partnering mechanisms under the follow-on SO (596-006) have been established, and revised measures, data collection, and means of verification are under development.
<p>If you have a Strategic Objective or Objectives linked to the</p> <p>4 EGAT pillar, did it/they exceed, meet, or not meet its/their targets? SO 596-005</p>	Exceed	Met X	Not Met	DA	This is a new SO, following on to above (596-001).
<p>If you have a Strategic Objective or Objectives linked to the</p> <p>4 EGAT pillar, did it/they exceed, meet, or not meet its/their targets? SO 596-006</p>	Exceed	Met X	Not Met	DA	This is a new SO, following on to above (596-002).
USAID Objective 1: Critical, private markets expanded and strengthened					
<p>5 Did your program achieve a significant result in the past year that is likely to contribute to this objective? SO 596-001</p>	Yes	No X	N/A		
<p>5 Did your program achieve a significant result in the past year that is likely to contribute to this objective? SO 596-005</p>	Yes	No X	N/A		
USAID Objective 2: More rapid and enhanced agricultural development and food security encouraged					
<p>6 Did your program achieve a significant result in the past year that is likely to contribute to this objective?</p>	Yes	No	N/A X		

Indicator (all data should pertain to FY or CY 01)		OU Response		Fund Account	Data Quality Factors
USAID Objective 3: Access to economic opportunity for the rural and urban poor expanded and made more equitable					
7	Did your program achieve a significant result in the past year that is likely to contribute to this objective? SO 596-002	Yes	No X	N/A	
7	Did your program achieve a significant result in the past year that is likely to contribute to this objective? SO 596-006	Yes	No X	N/A	
USAID Objective 4: Access to quality basic education for under-served populations, especially for girls and women, expanded					
8	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X	
9	a. Number of children enrolled in primary schools affected by USAID basic education programs (2001 actual) b. Number of children enrolled in primary schools affected by USAID basic education programs (2002 target)	Male	Female	Total N/A	
USAID Objective 5: World's environment protected					
10	Did your program achieve a significant result in the past year that is likely to contribute to this objective? SO 596-002	Yes X	No	N/A	DA See above, para. 4 (596-002). Both indicator-based and qualitative information form the basis for this assessment.
10	Did your program achieve a significant result in the past year that is likely to contribute to this objective? SO 596-006	Yes	No X	N/A	DA This is a new SO; targets are being set. See above, para. 4 (596-002) and below, para. 11.
11	a. Hectares under Approved Management Plans (2001 actual) b. Hectares under Approved Management Plans (2002 target)	1,030,931 1,309,368		DA DA	Data from partner reports. See above, para. 4 (596-002). The cumulative number of hectares achieved through the life-of-strategy is reported: in FY 2001 no additional areas were reported; figures represented consolidation of PROARCA-assisted areas stated as hectares under improved management. Definition, data and methodology are under review for reporting of this measure under the follow-on SO (596-006).

Indicator (all data should pertain to FY or CY 01)	OU Response			Fund Account	Data Quality Factors
Pillar III: Global Health: USAID works to: (1) stabilize population, (2) improve child health, (3) improve maternal health, (4) address the HIV/AIDS epidemic, and (5) reduce the threat of other infectious diseases.					
<p>If you have a Strategic Objective or Objectives linked to the</p> <p>12 Global Health pillar, did it/they exceed, meet, or not meet its/their targets? 596-003</p>	Exceed	Met X	Not Met	CSD	The AIDS Policy Environment Score (PES) and revised AIDS Program Effort Index (API) are based on an assessment by the partner (PASCA) performed bi-annually. The G-CAP technical team verifies data with the assistance of "Measure 2" monitoring and evaluation project under the Global Bureau. Measures for the percentages of commercial sex workers (CSW) reporting using condoms in last sex act, and of men who have sex with men (MSM) reporting using condoms in last sex act, are derived from the Knowledge, Attitude and Practices (KAP) survey carried out by PASMO. Methodology, data collection and quality factors are reviewed by PASMO on performance of the KAP survey every three years, and are provided to USAID/G-CAP. The percentage of non-pharmacy outlets in high-risk urban areas carrying condoms is based on a PASMO distribution survey implemented every years; survey methodology and data quality factors are reviewed and results presented to USAID/G-CAP.
<p>If you have a Strategic Objective or Objectives linked to the</p> <p>12 Global Health pillar, did it/they exceed, meet, or not meet its/their targets? 596-008</p>	Exceed	Met X	Not Met		This is a new SO; new targets are being set See paragraph above (596-003).
USAID Objective 1: Reducing the number of unintended pregnancies					
<p>13 Did your program achieve a significant result in the past year that is likely to contribute to this objective?</p>	Yes	No	N/A X		
USAID Objective 2: Reducing infant and child mortality					
<p>14 Did your program achieve a significant result in the past year that is likely to contribute to this objective?</p>	Yes	No	N/A X		
USAID Objective 3: Reducing deaths and adverse health outcomes to women as a result of pregnancy and childbirth					
<p>15 Did your program achieve a significant result in the past year that is likely to contribute to this objective?</p>	Yes	No	N/A X		

Indicator (all data should pertain to FY or CY 01)		OU Response			Fund Account	Data Quality Factors
USAID Objective 4: Reducing the HIV transmission rate and the impact of HIV/AIDS pandemic in developing countries						
16	Did your program achieve a significant result in the past year that is likely to contribute to this objective? 596-003	Yes X	No	N/A	CSD	See above, paragraph 12 (596-003).
16	Did your program achieve a significant result in the past year that is likely to contribute to this objective? SO 596-008	Yes	No X	N/A	CSD	This is a new SO; new targets are being set.
USAID Objective 5: Reducing the threat of infectious diseases of major public health importance						
17	Did your program achieve a significant result in the past year that is likely to contribute to this objective? 596-003	Yes	No X	N/A	CSD	
17	Did your program achieve a significant result in the past year that is likely to contribute to this objective? 596-008	Yes	No X	N/A	CSH	This is a new SO; new targets are being set.
Pillar IV: Democracy, Conflict and Humanitarian Assistance						
18	If you have a Strategic Objective or Objectives linked to the Democracy, Conflict and Humanitarian Assistance Pillar, did it/they exceed, meet, or not meet its/their targets? 596-004	Exceed X	Met	Not Met	CACDRF	SO4 performance measurement: The Mitch SpO ended on December 31, 2001; there is no follow-on activity. Qualitative data for Joint Watershed Management and Disaster Mitigation Plan Developed and the Assessment of Roads Network Completed were provided in partner (SICA, SIECA) reports to USAID/G-CAP and reviewed by Mission technical staff. Data for Education Infrastructure Constructed/ Rehabilitated reported in partner (IOM) quarterly reports were reviewed by the San Jose-based liaison officer and verified by activity manager during field visits to Costa Rica. Data for Regional Energy Sharing, which measured institutions strengthened, was provided in contractor quarterly reports and data and the basis for assessments reviewed by G-CAP staff.
USAID Objective 1: Rule of law and respect for human rights of women as well as men strengthened						
19	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		

Indicator (all data should pertain to FY or CY 01)	OU Response			Fund Account	Data Quality Factors
USAID Objective 2: Credible and competitive political processes encouraged					
20 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		
USAID Objective 3: The development of politically active civil society promoted					
21 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		
USAID Objective 4: More transparent and accountable government institutions encouraged					
22 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		
USAID Objective 5: Conflict					
23 Did your program in a pre-conflict situation achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		
24 Did your program in a post-conflict situation achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		
25 Number of refugees and internally displaced persons assisted by USAID	Male	Female	Total		
USAID Objective 6: Humanitarian assistance following natural or other disasters					
26 Did your program achieve a significant result in the past year that is likely to contribute to this objective? 596-004	Yes X	No	N/A	CACEDRF	See above note, para. 18 (596-004).
27 Number of beneficiaries					

Table 2: Selected Performance Measures for Other Reporting Purposes

The information in this table will be used to provide data for standard USAID reporting requirements

Indicator (all data should pertain to FY or CY 01)		OU Response		Fund Account	Data Quality Factors	
Child Survival Report						
Global Health Objective 1: Reducing the number of unintended pregnancies						
1	Percentage of in-union women age 15-49 using, or whose partner is using, a modern method of contraception at the time of the survey. (DHS/RHS)	N/A				
Global Health Objective 2: Reducing infant and child mortality						
2	Percentage of children age 12 months or less who have received their third dose of DPT (DHS/RHS)	Male	Female	Total	N/A	
3	Percentage of children age 6-59 months who had a case of diarrhea in the last two weeks and received ORT (DHS/RHS)	Male	Female	Total	N/A	
4	Percentage of children age 6-59 months receiving a vitamin A supplement during the last six months (DHS/RHS)	Male	Female	Total	N/A	
5	Were there any confirmed cases of wild-strain polio transmission in your country?				N/A	
Global Health Objective 3: Reducing deaths and adverse health outcomes to women as a result of pregnancy and childbirth						
6	Percentage of births attended by medically-trained personnel (DHS/RHS)				N/A	
Global Health Objective 5: Reducing the threat of infectious diseases of major public health importance						
7	a. Number of insecticide impregnated bed-nets sold (Malaria) (2001 actual)				N/A	
	b. Number of insecticide impregnated bed-nets sold (Malaria) (2002 target)				N/A	
8	Proportion of districts implementing the DOTS Tuberculosis strategy				N/A	

HIV/AIDS Report

Global Health Objective 4: Reducing the HIV transmission rate and the impact of HIV/AIDS pandemic in developing countries

9	a. Total condom sales (2001 actual)	4,552,772			CSH	
	b. Total condom sales (2002 target)	6,451,500			CSH	
10	a. Number of individuals treated in STI programs (2001 actual)	Male	Female	Total	N/A	
	b. Number of individuals treated in STI programs (2002 target)				N/A	
11	Is your operating unit supporting an MTCT program?	N/A				
12	a. Number of individuals reached by community and home based care programs (2001 actual)	Male	Female	Total	N/A	
	b. Number of individuals reached by community and home based care programs (2002 target)				N/A	
13	a. Number of orphans and vulnerable children reached (2001 actual)	Male	Female	Total	N/A	
	b. Number of orphans and vulnerable children reached (2002 target)				N/A	
14	a. Number of individuals reached by antiretroviral (ARV) treatment programs (2001 actual)	Male	Female	Total 3,712	CSH	
	b. Number of individuals reached by antiretroviral (ARV) treatment programs (2002 target)			5,040	CSH	

Victims of Torture Report						
Democracy, Conflict, and Humanitarian Assistance Objective 7: Providing support to victims of torture						
15	Did you provide support to torture survivors this year, even as part of a larger effort?	No				
16	Number of beneficiaries (adults age 15 and over)	Male	Female	Total	N/A	
17	Number of beneficiaries (children under age 15)	Male	Female	Total	N/A	

Global Climate Change			
USAID Objective 5: World's environment protected			
18	Global Climate Change: See GCC Appendix		

IV. ANNEXES

Annex 1: RESULTS FRAMEWORK— CENTRAL AMERICA REGIONAL PROGRAM

A. Results Framework, FY 1997-2001

The Results Framework for the reported performance year (FY 2001) remains as was provided in last year's R4 submission, Annex 2. Modifications to that framework were noted; no other changes were made in SOs or IRs. The Results Framework is provided below for informational purposes.

596-001: INCREASED CENTRAL AMERICAN PARTICIPATION IN GLOBAL MARKETS

- IR1: Improved Trade and Investment Policies
- IR2: More Equitable and Better Functioning Labor Markets
- IR3: Increased Private Investment in Energy and Telecommunications

596-002: INCREASED EFFECTIVENESS IN REGIONAL STEWARDSHIP OF THE ENVIRONMENT AND KEY NATURAL RESOURCES IN TARGET AREAS

- IR1: Improved Consolidation of the Central American Protected Areas System
- IR2: Increased Local Stewardship of the Environment and Natural Resources in Target Areas
- IR3: Central American Environmental Policy Frameworks Harmonized and Strengthened

596-003: ENHANCED CENTRAL AMERICAN CAPACITY TO RESPOND TO THE HIV/AIDS CRISIS

- IR1: Improved Regional Policy Environment to Support HIV/AIDS Policies and Programs in Central America
- IR2: Improved NGO Capacity to Deliver HIV/AIDS Prevention Projects
- IR3: Effective Condom Social Marketing

596-004: IMPROVED REGIONAL CAPACITY TO MITIGATE TRANSNATIONAL EFFECTS OF DISASTERS

- IR1: Framework established for sound transnational watershed management
- IR2: Regional guidelines and standards developed to reduce road network vulnerability to natural disasters
- IR2: Costa Rican education system capacity upgraded in selected communities affected by Mitch Nicaraguan Migration
- IR4: Strengthening regional policies that reduce energy system vulnerabilities

B. Results Framework, FY 2002-2006

The Results Framework for future years, pending amendment, is that submitted to AID/W and approved in September 2000 as part of G-CAP's Strategic Plan for 2002-2006. The cover letter to this Annual Report identifies an additional Strategic Objective for which amendment to the Strategic Plan will be advised for AID/W approval. Based on recent AID/W guidance, the regional HIV-AIDS program will be amended to reinforce program coverage and level-of-effort and AID/W approval requested. Increased levels of effort and revised activities under Regional Trade and Environment programs may result in modification or addition of IRs and lower-level results, but no significant changes in strategy are currently expected. The Results Framework illustrated below is provided for informational purposes. IRs for the Regional Trade, Environment, and HIV-AIDS programs are those currently approved. IRs for the new Rural Prosperity SO are yet to be elaborated, and will be advised in the FY 2003 Annual Report.

596-005: INCREASED CENTRAL AMERICAN COMPETITIVENESS IN GLOBAL MARKETS

- IR1: More Open Trade and Investment Policies
- IR2: Accelerated Central American Market Integration
- IR3: More Equitable and Efficient Labor Markets

596-006: IMPROVED ENVIRONMENTAL MANAGEMENT IN THE MESOAMERICAN BIOLOGICAL CORRIDOR (MBC)

- IR1: Improved Protected Area Management in the MBC
- IR2: Expanded Market Access for Environmentally Sound Products and Services
- IR3: Harmonized Environmental Regulations
- IR4: Increased Use of less Polluting Technologies

596-007: STRENGTHENED MUNICIPAL FINANCE SYSTEMS FOR LOCAL GOVERNMENTS IN CENTRAL AMERICA

- IR1: Promoting Credit Quality Standards for Local Government
- IR2: Increasing Local Government Access to Capital Markets
- IR3: Promoting Private Sector Participation (PSP) in Local Services and Infrastructure

596-008: AN ENHANCED CENTRAL AMERICAN CAPACITY TO RESPOND TO THE HIV/AIDS CRISIS

- IR1: Appropriate HIV/AIDS Policies and Strategic Plans Implemented
- IR2: Improved Prevention, Support Systems and Other Services Implemented
- IR3: An Effective Regional Condom Social Marketing Program

596-009: Rural Prosperity (SO statement and IRs to be determined.)

**Annex 2: ENVIRONMENTAL COMPLIANCE 22 CFR 216 CENTRAL AMERICA
REGIONAL PROGRAM**

Plans for New or Amended Initial Environmental Examinations

596-006: Under the PROARCA IEE, IR-1, IR-3 and IR-4 will likely need environmental determinations over the next year. Specifically, IR-3 may be using incentives for policy development (estimate for IEE initiation in July); IR-4 (increased use of less-polluting technologies two activities) will require environmental review for:

- The construction of a small-scale water treatment plant in Livingston, Guatemala. The water treatment plant is designed to serve approximately 100 households and reduce pollution of Rio Dulce a critical water body for biodiversity conservation (estimate for IEE initiation in June).
- The construction of a water treatment and water re-use system in La Union, El Salvador. This is a pilot project to demonstrate water re-use and appropriate wastewater treatment technology (estimate for IEE initiation in June).

The pesticides EA is in draft form. The SO Team Leader recognizes that the program cannot support pesticide use until the EA is approved.

Compliance with Initial Environmental Examinations and Environmental Assessments

The mission reviewed all strategic objectives and determined that all current activities are operating under approved IEEs and Environmental Assessments. Activity managers have reviewed the activities that they supervise and confirmed that required mitigations and conditions of IEEs and Environmental Assessments are being followed. The regional roads activity incorporated a section of environmental considerations into the regional road construction manual, which sets the standards that road contractors must follow in order to work on the regional roads network. Funds were not used to support commercial timber extraction or to procure equipment that could lead to deforestation.

Number and Title	Implementation through	ETD	IEE Number
<i>SO 596-001: Increased Central American Participation in Global Markets (PROALCA I)</i>	Extended to 2002	Conditional Negative, Categorical Exclusion	LAC-IEE-95-12
<i>SO 596-005: Increased Central American Participation in Global Markets (PROALCA II)</i>	2007	Conditional Negative, Categorical Exclusion	LAC-IEE-01-36
<i>SO 596-006: Improved Environmental Management in the Mesoamerican Biological Corridor (PROARCA II)</i>	2007	Conditional Negative with conditions, Categorical Exclusion	LAC-IEE-01-13
<i>SO 596-008 Enhanced Central American Capacity to Respond to the HIV/AIDS Crisis</i>	2007	Categorical Exclusion	LAC-IEE-01-02